

Message Text

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71

ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 EB-11 OPIC-12 DOTE-00 XMB-07

TRSE-00 AID-20 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01

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FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 5197

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E.O. 11652 7 N/A

TAGS: BEXP, ES

SUBJECT: IRCA - LATEST DEVELOPMENTS

REF: SAN SALVADOR 0293

DEPT ALSO PASS OPIC FOR INFO

1. IN REPLY TO QUESTIONS RELATING TO POSSIBLE PROBLEMS BETWEEN GOES AND IRCA, AS MENTIONED TO US PREVIOUSLY BY FONMIN BORGONOVO, IRCA'S DEPUTY -INTERVENTOR" BATISTA MENA FLATLY TOLD COMMERCIAL ATTACHE ON APRIL 4 THAT "THERE AREN'T ANY SUBSTANTIVE PROBLEMS AT THIS TIME". HE SAID THAT IRCA HAD SOLD A STRIP OF LAND FROM ITS SAN SALVADOR TERMINAL PROPERTY TO COMERSAN (THE MUNICIPAL MARKET BUILDING AGENCY) FOR NINETY-SIX THOUSAND COLONES AND HAD AGREED TO SHARE ITS TERMINAL FACILITY WITH FES (GOES OWNED RAILROAD LINKING SAN SALVADOR WITH THE PORT OF ACAJUTLA) FOR SIX COLONES PER SQUARE METER PER YEAR PLUS A DAILY CHARGE OF TWENTY FIVE COLONES.

2. NEVERTHELESS, BATISTA MENA COMPLAINED LONG AND LOUD JIOUT THE "OBSTRUCTIONIST ATTITUDE" OF IRCA'S ACTING MANAGER, CARLOS DIAZ GAITAN, WHOM HE ACCUSED OF "DOING ALL HE COULD TO THWART THE ORDERLY COURSE OF IRCA'S OPERATIONS AND PREVENTING A HAR-

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MONIOUS DIALOGUE WITH THE GOES'S TEAM OF 'INTERVENTORES'."

3. BATISTA MENA CONFIRMED THAT THE GOES WILL ABIDE BY ITS WRITTEN COMMITMENT TO PURCHASE GM'S LOCOMOTIVES BY JUNE 30, 1974. HE ALSO SAID THAT THE GOES WOULD STILL "RATHER NOT HAVE TO TAKE OVER IRCA" AS A RESULT OF THAT PURCHASE. "IRCA HAS SO MANY OUTSTANDING OBLIGATIONS THAT THE GOES COULD EASILY VOID ITS CONCESSION," HE STATED, ADDING THAT "IF NEW JERSEY WOULD BRING SOME NEW MONEY, THE GOES WOULD GLADLY LEASE THE LOCOMOTIVES BACK TO THEM AND FORGET THE WHOLE THING." HE WONDERED WHETHER CHAIRMAN WEBER REALIZED THIS.

4. ACCORDING TO BATISTA MENA, WEBER WAS SUPPOSED TO HAVE VISITED SAN SALVADOR IN FEBRUARY BUT HAS BEEN POSTPONING HIS TRIP SINCE THEN AND NOW CLAIMS TO BE COMING LATE APRIL. "THE GOES WOULD LIKE TO SEE MR WEBER", BATISTA MENA SAID.

5. BATISTA MENA CALLED COMMERCIAL ATTACHE APRIL 5 AND ASKED FOR EMBASSY'S ASSISTANCE IN OBTAINING COPIES OF US LEGISLATION COVERING EXPROPRIATION OF US INVESTMENTS OVERSEAS, AND OF CONGRESSIONAL RESOLUTIONS SENATORIAL DECISIONS CONCERNING EXPROPRIATION PROBLEMS IN LATIN AMERICA. HE EXPLAINED THAT THE INTER-MINISTERIAL COMMITTEE HANDLING IRCA'S FUTURE MET APRIL 4 AND THAT FONMIN BORGONOVO HAD STRESSED THAT "EVERYTHING SHOULD BE DONE" TO AVOID ANY CHARGE OF "EXPROPRIATION WITHOUT JUST COMPENSATION OR DUE PROCESS OF LAW", EVEN IF IT MEANT TRIP TO WASHINGTON, DC TO CALL ON APPROPRIATE OFFICIALS THERE BEFORE TAKING ANY ACTION.

COMMENT: IT APPEARS THAT UNLESS NEW JERSEY TAKES POSITIVE FINANCIAL ACTION, THE GOES REALLY MEANS TO SETTLE THE IRCA CASE IMMEDIATELY AFTER TAKING OVER THE GM LOCOMOTIVES. THE EMBASSY WOULD APPRECIATE OPIC PROVIDING THE MATERIAL REQUESTED IN PARA 5 ASAP.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANS01426
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740080-0453
From: SAN SALVADOR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740458/aaaacbx.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: SAN SALVADOR 0293
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by boyleja>; APPROVED <10-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IRCA - LATEST DEVELOPMENTS
TAGS: BEXP, ES
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005